

Message Text

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PAGE 01 PARIS 12397 271846Z

ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 CIAE-00 DODE-00 PM-04

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 EB-08 TRSE-00 STR-04

OMB-01 CEA-01 COME-00 FRB-03 XMB-02 OPIC-03

LAB-04 SIL-01 IGA-02 /105 W

-----280056Z 016113 /21

R 271756Z APR 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2179

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

AMEMBASSY LISBON

C O N F I D E N T I A L PARIS 12397

E.O. 11652: GDS

TAGS: EFIN, PO, FR

SUBJ: FINANCIAL ASSISTANCE FOR PORTUGAL: PORTUGUESE

AMBASSADOR'S DEMARCHE

REFS: A. PARIS 12162. B. PARIS 11897. C. STATE 88960.

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1. PORTUGUESE AMBASSADOR MARTINS INFORMS US THAT HE "FINALLY" RECEIVED UP-TO-DATE INSTRUCTIONS YESTERDAY PARALLELING OURS, WHICH PORTUGUESE FOREIGN MINISTER CONFIRMED TO HIM ORALLY AT AIRPORT MEETING APRIL 26, WHEN LATTER PASSED THROUGH PARIS EN ROUTE TO COUNCIL OF EUROPE MEETING IN STRASBOURG.

2. MARTINS CONSEQUENTLY MADE HIS DEMARCHE TO QUAI SECRETARY GENERAL SOUTOU APRIL 27. SOUTOU TOLD HIM, AS HE HAD TOLD CHARGE, THAT QUAI HAD BEEN ON VERGE OF "REJECTING" AN EARLIER REQUEST FOR FRENCH PARTICIPATION IN A CONSORTIUM TO PROVIDE \$1.5 BILLION TO GOP. IN VIEW OF THE MODIFICATIONS WHICH HAVE NOW BEEN MADE GOF WAS PREPARED TO GIVE FURTHER CONSIDERATION TO THIS QUESTION. AS A RESULT OF THE US DEMARCHE OF THE PRECEDING DAY SOUTOU SAID THAT HE HAD IN FACT ALREADY SENT THE DOSSIER ALONG FOR FURTHER STUDY.

3. IN ADDITION TO STRESSING THE VARIOUS CONTRIBUTIONS FRANCE HAS ALREADY MADE TO PORTUGAL'S RECOVERY AND ITS GENERAL PREFERENCE FOR HANDLING SUCH PROJECTS MULTILATERALLY THROUGH THE EC, SOUTOU THEN POSED NUMBER OF EVIDENTLY FORMAL QUESTIONS AS REGARDS PROSPECTS FOR PORTUGAL'S POLITICAL AND ECONOMIC STABILITY, AS TO THE AUSTERITY MEASURES IT HAD UNDERTAKEN AND OTHERS IT MIGHT HAVE UNDER CONSIDERATION.

4. IN END, SOUTOU LEFT THE PORTUGUESE AMBASSADOR WITH MUCH THE SAME IMPRESSION AS OURSELVES, THAT IS, THAT HE WAS AT THIS POINT NEITHER FOR NOR AGAINST FRENCH PARTICIPATION IN THE CONSORTIUM IN ITS PRESENT MODIFIED FORM. MARTINS TOO FEELS HOWEVER THAT THE FACT THAT THE QUAI WAS WILLING TO RETHINK THE ISSUE AFTER HAVING VIRTUALLY FORECLOSED IT, WAS IN ITSELF SLIGHTLY PROMISING.

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3. IN SEPARATE CONVERSATION WITH QUAI'S PORTUGUESE DESK OFFICER DEBENEST, EMBOFF RECEIVED FURTHER CONFIRMATION OF OUR IMPRESSION THAT QUAI WORKING LEVEL, AT LEAST, CLEARLY UNDERSTANDS WHY PORTUGAL CANNOT AT THIS STAGE BE SENT OFF TO THE IMF AS SOME IN EUROPE ARE SUGGESTING; AND THAT CONSORTIUM EFFORT IS THEREFORE SENSIBLE AS SUCH. PROBLEM FOR QUAI POLITICAL EXPERTS WILL BE TO SELL THIS IDEA TO ELYSEE, OTHER MINISTRIES AND BANKS WHO WOULD HAVE TO FIND THE MONEY. DEBENEST THEREFORE REMAINED EXTREMELY PRUDENT, DECLINING TO PREDICT EITHER THE RESULT OF FRENCH RETHINKING, OR EVEN WHEN DECISION MIGHT BE REACHED.
GAMMON

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Message Attributes

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Sent Date: 27-Apr-1977 12:00:00 am
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